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LISTING STATEMENT No. 2024

LISTED JULY 7th, 1959
5,000,000 shares of \$1.00 par value
Ticker abbreviation "LPO"
Dial ticker number 190
Post section 4.3

TORONTO STOCK EXCHANGE

AUG 14 1959

LISTING STATEMENT

LONG POINT GAS & OIL LIMITED

Incorporated under Part IV of The Corporations Act 1953
(Ontario) by Letters Patent dated July 5, 1957.

1. Address of the Company's Head Office and of any other offices:

Head Office—Suite 906, 357 Bay Street, Toronto 1, Ontario.
Field Office—Room 3, Woolworth Building, Robinson Street, Simcoe, Ontario.
2. Officers of the Company:

OFFICE HELD	NAME	ADDRESS	OCCUPATION
President	M. A. Cooper	1405 Avenue Road, Toronto, Ontario.	Consulting Geologist
Vice-President	A. J. Milner	11 Castlefrank Drive, Toronto, Ontario.	Investment Banker
Secretary-Treasurer	C. H. Walker	10 Dale Avenue, Toronto, Ontario.	Solicitor
3. Directors of the Company:

NAME	ADDRESS	OCCUPATION
M. A. Cooper	1405 Avenue Road, Toronto, Ontario.	Consulting Geologist
A. J. Milner	11 Castlefrank Drive, Toronto, Ontario.	Investment Banker
C. H. Walker	10 Dale Avenue, Toronto, Ontario	Solicitor
P. S. Bazett	20 Farrington Drive, Toronto, Ontario.	Oil Executive
R. E. Liptrott	169 Jamieson Avenue, Toronto, Ontario.	Analyst
John J. Coyle	1021 Fidelity Union Life Building, Dallas, Texas.	Executive
D. M. Doherty	166 Warren Road, Toronto, Ontario.	Stock Broker
4. Names and addresses of all transfer agents:

Montreal Trust Company, 15 King Street West, Toronto, Ontario.
5. Particulars of any fee charged upon transfer other than customary government taxes:

A charge of 50¢ is made upon each certificate except a share certificate representing an original issue from the treasury.
6. Names and addresses of all registrars:

Montreal Trust Company, 15 King Street West, Toronto, Ontario.
7. Amount of authorized capital: \$5,000,000.00
8. Number of shares and par value: 5,000,000 shares of \$1.00 par value each.
9. Full details of all shares issued in payment for properties or for any other assets other than cash:

Date	Number of Shares	Brief description
July 12th, 1957.....	850,000	34 Exploratory Licenses of Occupation dated July 15, 1957, issued by Minister of Mines of the Province of Ontario, being License Nos. 12514 to 12547 inclusive, under the waters of Lake Erie, lying in front of the Counties of Norfolk, Haldimand and Welland, in the Province of Ontario.
Total.....	850,000	

10. Full details of all shares sold for cash.	Date	Number of Shares	Price per Share	Amount realized by Company
	July 5, 1957.....	10	\$1.00	\$ 10.00
	September 11, 1957.....	1,000,000	.30	300,000.00
	February 24, 1958.....	200,000	.50	100,000.00
	May 9, 1958.....	200,000	.60	120,000.00
	July 23, 1958.....	200,000	.70	140,000.00
	November 25, 1958.....	200,000	1.00	200,000.00
	November 25, 1958.....	200,000	.62½	125,000.00
	April 8, 1959.....	600,000	.50	300,000.00
	April 27, 1959.....	200,000	.60	120,000.00
	Total.....	2,800,010		\$1,405,010.00
11. Total number of shares issued.	3,650,010			
12. Number of shares now in treasury or otherwise unissued.	1,349,990			
13. Particulars of any issued shares held in trust for the Company or donated for treasury purposes.	Nil.			
14. Date of last annual meeting.	October 31, 1958.			
15. Date of last report to shareholders.	October 31, 1958.			
16. Details of any treasury shares (or shares issued subject to payment or shares held for the benefit of the treasury) now under option or the subject of any underwriting or sales agreement. If none, this is to be stated.	By Agreement dated the 3rd day of March, 1959, Milner, Spence & Co. Limited, Doherty Roadhouse & Co. of Toronto, G. E. Leslie & Co. of Montreal and John J. Coyle of Dallas, Texas, underwrote 600,000 shares at .50¢ a share and secured options on 600,000 shares at prices ranging from .60¢ to \$1.00 a share. The underwritten shares and 200,000 optioned shares have been taken up as set out in Item 10 above and the balance of the options remaining outstanding are as follows: 200,000 shares at .70¢ per share until October 2, 1959; 100,000 shares at .80¢ per share until January 2, 1960; and 100,000 shares at \$1.00 per share until April 2, 1960.			
17. Details of any shares pooled, deposited in escrow, non-transferable or held under any syndicate agreement or control.	510,000 shares, part of the stock issued in payment for properties as set out in Item 9, are held in escrow by the Montreal Trust Company at Toronto, subject to release, etc., only upon consent of the Ontario Securities Commission and the Toronto Stock Exchange.			
18. Details of any registration with or approval or authority for sale granted by or any filing with a Securities Commission or corresponding Government body.	Prospectus filed with Ontario Securities Commission, Quebec Securities Commission, British Columbia Registrar of Companies and Superintendent of Brokers, Winnipeg Stock Exchange and Registrar of Companies, Registrar under the New Brunswick Security Frauds Prevention Act, Nova Scotia Registrar under The Securities Act, and Prince Edward Island Registrar under The Securities Frauds Prevention Act.			
19. Has any application for registration with or approval or authority for sale by or any filing with a Securities Commission or corresponding Government body ever been refused, cancelled, suspended or revoked? If so, give particulars.	No.			

20. Particulars of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	Nil.
21. Enumerate fully, giving claim or property numbers, approximate acreage, townships and mining camp or oil field:	
(a) Properties owned where titles vested in Company.	Nil.
(b) Properties leased.	Lease from the Minister of Mines dated May 1, 1959, for 21 years, annual rental \$640.00, covering an area of 593 acres under Lake Erie in front of Lots 11, 12 & 13 and part of Lots 10 and 14, Con. 1, Township of Woodhouse, County of Norfolk, Province of Ontario.
(c) Properties otherwise held.	Thirty-four Exploratory Licenses of Occupation Nos. 12514 and 12516 to 12547 inclusive, dated the 15th day of July, 1957 and License of Occupation No. 12989, dated May 1, 1959, containing approximately 160,322 acres under the waters of Lake Erie, lying in front of the Counties of Norfolk, Haldimand and Welland, in the Province of Ontario.
22. Full particulars of any royalties or other charges payable upon production from each individual property.	Royalties are payable to the Treasurer of Ontario on all natural gas produced, at the rate of .03¢ per 1,000 cu ft., or 8% of the prevailing field price for natural gas, whichever is the greater.
23. Are any lawsuits pending against the Company or any of its properties, or are there any other circumstances which might affect the Company's position or title adversely? If so explain fully.	Port Colborne Iron Works Limited has commenced a law suit against the Company claiming a balance due under a contract to construct a drilling platform for the Company in 1957. The Company has counterclaimed for damages for late delivery and contends that no amount is owing to Port Colborne Iron Works Limited.
24. Describe plant and equipment on property.	The Company owns one work-over platform and, through its wholly-owned subsidiary, two drilling platforms, three boats, and sundry items of equipment such as casing, etc.; a production line is being constructed from the Company's wells to the shore to feed into the Union Gas Company pipe line.
25. Describe development accomplished and planned.	Eight gas wells have been drilled to date and the Company plans to drill an additional seventeen wells during the 1959 drilling season.
26. Date and author of mining or petroleum engineer's or geologist's report filed with this application and available for inspection on request.	May 30, 1959, Report by O. D. Boggs, of the firm of J. C. Sproule & Associates, Calgary, Alberta.
27. Full particulars of production to date.	Nil.
28. Have any dividends been paid? If so, give date, per share rate, and amount paid in dollars on each distribution.	Nil.

29. Name and address of the solicitor or attorney whose certificate that the applicant is a valid and subsisting company and that the shares which have been allotted and issued were legally created and are fully paid and non-assessable has been filed with the Exchange.	Macdonald & Macintosh, Suite 906, 357 Bay Street, Toronto 1, Ontario.
30. (a) Have any shares of the Company ever been listed on any other stock exchange? If so, give particulars.	No.
(b) Is any application for listing the shares of the Company on any other stock exchange now pending or contemplated? If so, give particulars.	No.
(c) Has the listing of any shares of the Company ever been refused or deferred on any stock exchange? If so, give particulars.	No.
31. Particulars of the principal business in which each director has been engaged during the past five years, giving the length of time, position held and name of employing company or firm.	M. A. Cooper, Consulting Geologist, partner in the firm of James & Buffam, Toronto; A. J. Milner, Investment Banker, President and director of Milner, Spence & Co. Ltd., Toronto; C. H. Walker, Barrister & Solicitor, partner in the firm of Macdonald & Macintosh, Toronto; P. S. Bazett, Oil Executive, employed by Long Point Gas & Oil Limited since July, 1957, and prior to that assistant to the President of Consolidated West Petroleum Ltd.; R. E. Liptrott, Analyst, Bongard & Company since October, 1956, and prior to that director of radio and television research for Canada Facts Ltd.; J. J. Coyle, self-employed Oil Executive, Dallas, Texas; D. M. Doherty, Stock Broker, partner of Doherty, Roadhouse & Co., Toronto.

Dated at Toronto, Ontario, the 15th day of June, 1959.



LONG POINT GAS & OIL LIMITED
"M. A. COOPER", President.
"C. H. WALKER", Secretary.

STATEMENT SHOWING NUMBER OF SHAREHOLDERS
AS OF JUNE 2nd, 1959

NUMBER				SHARES
77	Holders of	1—	100 shares.....	7,007
485	" "	101—1000	"	315,867
92	" "	1001—2000	"	93,750
34	" "	2001—3000	"	49,027
13	" "	3001—4000	"	101,718
21	" "	4001—5000	"	166,000
56	" "	5001—up	"	2,916,641
778 Stockholders				Total Shares.....3,650,010

FINANCIAL STATEMENTS

LONG POINT GAS & OIL LIMITED CONSOLIDATED BALANCE SHEET AS AT APRIL 30, 1959

ASSETS

CURRENT:

Cash on hand and in bank.....	\$ 184,316.27	
Government of Canada Treasury bills and bonds due on or before July 1, 1959 —at par value.....	250,000.00	
Accounts receivable.....	12,248.86	
Inventory at lower of cost or market.....	39,302.68	
Prepaid insurance.....	3,839.28	\$ 489,707.09

FIXED: at cost (no depreciation provided to date)

Exploration licenses of occupation (34 licenses in the counties of Norfolk, Haldimand and Welland, in the Province of Ontario) consideration being 850,000 shares of capital stock.....	\$ 85,000.00	
Property leased for gas storage (14 leases covering 817 acres at Brownsville, Ontario).....	1,646.22	
Pipeline under construction.....	25,118.21	
Drilling towers and equipment.....	313,385.86	
Boats and other equipment.....	54,742.15	
Manager's residence.....	16,705.50	496,597.94

DEFERRED EXPENDITURES:

Exploration and development expenditures (see schedule).....	\$ 329,036.22	
Prepaid lease rentals.....	6,034.38	335,070.60

\$1,321,375.63

LIABILITIES

CURRENT:

Accounts payable and accrued expenses.....	\$ 62,635.36
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MORTGAGE PAYABLE:—5¼% interest due May 6, 1974, repayable in monthly instalments of \$83.00 including principal, interest and taxes.....	7,737.60
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CAPITAL AND DEFICIT:

CAPITAL STOCK—(see note)

Authorized: 5,000,000 shares, par value \$1.00 each.

Issued and fully paid: 3,650,010 shares.

(including 800,000 shares issued for cash since December 31, 1958)

	Par Value	Discount	Net
For licenses.....	\$ 850,000.00	\$ 765,000.00	\$ 85,000.00
For cash.....	2,800,010.00	1,395,000.00	1,405,010.00
	<u>\$3,650,010.00</u>	<u>\$2,160,000.00</u>	<u>\$1,490,010.00</u>

DEFICIT:.....	239,007.33	1,251,002.67
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\$1,321,375.63

Approved on behalf of the Board:

“M. A. COOPER”, Director.

“C. H. WALKER”, Director.

AUDITORS' REPORT

We have examined the accompanying consolidated balance sheet of Long Point Gas & Oil Limited and its wholly-owned subsidiary as at April 30, 1959 and the related consolidated statement of profit and loss, consolidated statement of deficit and consolidated schedule of exploration and development expenditures for the period ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and the related consolidated statement of profit and loss, consolidated statement of deficit and consolidated schedule of exploration and development expenditures, together with the appended note, present fairly the financial position of the combined companies as at April 30, 1959 and the results of their operations for the period ended on that date.

"PETTIT, HILL AND BERTRAM"

Toronto, May 27, 1959.

Chartered Accountants.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR FOUR MONTHS ENDED APRIL 30, 1959

(Applicable to subsidiary company only)

DRILLING REVENUE.....			Nil
OPERATING EXPENSE:			
Drilling and well expenses.....	\$	137.50	
Marine expenses.....		331.25	
District and field expenses.....		11,434.07	
Idle time expenses.....		6,139.81	
Casualty loss.....		125.00	
General and administrative expenses.....		4,145.78	\$ 22,313.41
LOSS FOR FOUR MONTHS before provision for depreciation.....			<u>\$ 22,313.41</u>

CONSOLIDATED STATEMENT OF DEFICIT

FOR FOUR MONTHS ENDED APRIL 30, 1959

(Applicable to subsidiary company only)

BALANCE JANUARY 1, 1959.....	\$217,782.99
Deduct: Adjustments applicable to 1958 operations (net).....	1,089.07
	<u>\$216,693.92</u>
Add: Loss on operations for four months ended April 30, 1959.....	22,313.41
BALANCE APRIL 30, 1959.....	<u><u>\$239,007.33</u></u>

CONSOLIDATED SCHEDULE OF EXPLORATION AND DEVELOPMENT EXPENDITURES

TO APRIL 30, 1959

(Applicable to parent company only)

	To DECEMBER 31, 1958	IN 1959	To APRIL 30, 1959
EXPLORATION AND DRILLING EXPENSES:			
Well drilling and development costs.....	\$179,066.68	\$ 30.00	\$179,096.68
Lease rentals.....	34,396.37	8,454.22	42,850.59
Geological and underwater gravity surveys.....	14,740.00		14,740.00
Lease operating expenses.....	11,540.14	271.80	11,811.94
District and field expenses.....	23,841.90	8,847.07	32,688.97
	<u>\$263,585.09</u>	<u>\$ 17,603.09</u>	<u>\$281,188.18</u>
GENERAL AND ADMINISTRATIVE EXPENSES:			
Management and office salaries.....	\$ 20,130.72	\$ 5,271.72	\$ 25,402.44
Printing and office supplies.....	3,047.22	317.62	3,364.84
Office rent.....	1,809.75	684.13	2,493.88
Telephone and telegraph.....	880.72	143.43	1,024.15
Office and general expenses.....	357.25	46.67	403.92
Insurance, taxes, licenses.....	589.30		589.30
Travel.....	247.50	770.41	1,017.91
Registrar and transfer fees.....	2,977.00	68.31	3,045.31
Legal and audit.....	11,804.79	1,010.13	12,814.92
	<u>\$ 41,844.25</u>	<u>\$ 8,312.42</u>	<u>\$ 50,156.67</u>
ORGANIZATION EXPENSES.....	<u>\$ 2,181.56</u>		<u>\$ 2,181.56</u>
TOTAL EXPENSES.....	<u>\$307,610.90</u>	<u>\$ 25,915.51</u>	<u>\$333,526.41</u>
Deduct: Interest earned.....	4,008.27	481.92	4,490.19
NET EXPLORATION AND DEVELOPMENT EXPENDITURES.....	<u><u>\$303,602.63</u></u>	<u><u>\$ 25,433.59</u></u>	<u><u>\$329,036.22</u></u>

NOTE TO CONSOLIDATED FINANCIAL STATEMENT APRIL 30, 1959

CAPITAL STOCK OPTIONS

Under agreement dated March 3, 1959 outstanding options were exercisable as follows:

- 200,000 shares on or before October 2, 1959 at 70¢ per share
- 100,000 shares on or before January 2, 1960 at 80¢ per share
- 100,000 shares on or before April 2, 1960 at \$1.00 per share

Further options on 67,500 shares of capital stock have been granted to three employees exercisable within three years from the date of agreements as follows:

- Two agreements dated August 1, 1957 for a total of 17,500 shares at 40¢ per share
- One agreement dated June 10, 1958 for 50,000 shares at 60¢ per share

By action of the board of directors February 27, 1959, 50,000 shares of capital stock were set aside to provide for future options for employees at 65¢ per share.

LONG POINT GAS & OIL LIMITED BALANCE SHEET AS AT APRIL 30, 1959

ASSETS

CURRENT:

Cash on hand and in bank.....	\$140,448.40	
Government of Canada treasury bills and bonds, due on or before July 1, 1959— at par value.....	250,000.00	
Accounts receivable—sundry.....	1,696.37	\$ 392,144.77

INVESTMENT IN WHOLLY-OWNED SUBSIDIARY (see note 1)

10,006 shares common stock—at cost.....	\$ 1,006.00	
Note and advances receivable.....	647,381.60	648,387.60

FIXED:—at cost (no depreciation provided to date)

Exploration licenses of occupation (34 licenses in the Counties of Norfolk, Haldimand and Welland, in the Province of Ontario) consideration being 850,000 shares of capital stock.....	\$ 85,000.00	
Property leased for gas storage (14 leases covering 817 acres at Brownsville, Ontario).....	1,646.22	
Workover tower.....	7,004.92	
Pipeline under construction.....	25,118.21	
Office furniture.....	2,503.70	
Manager's residence.....	16,705.50	137,978.55

DEFERRED EXPENDITURES:

Exploration and development expenditures (see schedule).....	\$329,036.22	
Prepaid lease rentals.....	6,034.38	335,070.60
		<u>\$1,513,581.52</u>

LIABILITIES

CURRENT:

Accounts payable and accrued expenses.....	\$ 15,833.92
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MORTGAGE PAYABLE: 5¼% interest, due May 6, 1974, monthly instalments of \$83.00 including principal, interest and taxes.....	7,737.60
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CAPITAL STOCK: (see note 2)

Authorized: 5,000,000 shares par value \$1.00 each.

Issued and fully paid: 3,650,010 shares.

(including 800,000 shares issued for cash since December 31, 1958)

	Par Value	Discount	Net	
For licenses.....	\$ 850,000.00	\$ 765,000.00	\$ 85,000.00	
For cash.....	2,800,010.00	1,395,000.00	1,405,010.00	
	<u>\$3,650,010.00</u>	<u>\$2,160,000.00</u>		<u>\$1,490,010.00</u>
				<u>\$1,513,581.52</u>

Approved on behalf of the Board

"M. A. COOPER", Director.

"C. H. WALKER", Director.

AUDITORS' REPORT

We have examined the above balance sheet of Long Point Gas & Oil Limited as at April 30, 1959 and the schedule of exploration and development expenditure for the period ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the above balance sheet and accompanying schedule of exploration and development expenditures, together with the appended notes, present fairly the financial position of the company as at April 30, 1959 and the results of its operations for the period ended on that date.

"PETTIT, HILL AND BERTRAM"

Toronto, May 27, 1959.

Chartered Accountants.

SCHEDULE OF EXPLORATION AND DEVELOPMENT EXPENDITURES TO APRIL 30, 1959

	To DECEMBER 31, 1958	In 1959	To APRIL 30, 1959
EXPLORATION AND DRILLING EXPENSES:			
Well drilling and development costs.....	\$179,066.68	\$ 30.00	\$179,096.68
Lease rentals.....	34,396.37	8,454.22	42,850.59
Geological and underwater gravity surveys.....	14,740.00		14,740.00
Lease operating expenses.....	11,540.14	271.80	11,811.94
District and field expenses.....	23,841.90	8,847.07	32,688.97
	<u>\$263,585.09</u>	<u>\$ 17,603.09</u>	<u>\$281,188.18</u>
GENERAL AND ADMINISTRATIVE EXPENSES:			
Management and office salaries.....	\$ 20,130.72	\$ 5,271.72	\$ 25,402.44
Printing and office supplies.....	3,047.22	317.62	3,364.84
Office rent.....	1,809.75	684.13	2,493.88
Telephone and telegraph.....	880.72	143.43	1,024.15
Office and general expenses.....	357.25	46.67	403.92
Insurance, taxes, licenses.....	589.30		589.30
Travel.....	247.50	770.41	1,017.91
Registrar and transfer fees.....	2,977.00	68.31	3,045.31
Legal and audit.....	11,804.79	1,010.13	12,814.92
	<u>\$ 41,844.25</u>	<u>\$ 8,312.42</u>	<u>\$ 50,156.67</u>
ORGANIZATION EXPENSES.....	\$ 2,181.56		\$ 2,181.56
TOTAL EXPENSES.....	\$307,610.90	\$ 25,915.51	\$333,526.41
Deduct: Interest earned.....	4,008.27	481.92	4,490.19
NET EXPLORATION AND DEVELOPMENT EXPENDITURES.....	<u>\$303,602.63</u>	<u>\$ 25,433.59</u>	<u>\$329,036.22</u>

NOTES TO FINANCIAL STATEMENT APRIL 30, 1959

- The accounts of the wholly-owned subsidiary have not been included in the accompanying financial statement but are included in the consolidated financial statement of April 30, 1959.
The loss on operations of the subsidiary for the four months ended April 30, 1959 amounted to \$22,313.41 and the accumulated deficit of the subsidiary not included in the accounts of the parent company amounted to \$239,007.33 as at April 30, 1959.
- CAPITAL STOCK OPTIONS**

Under agreement dated March 3, 1959 outstanding options were exercisable as follows:

- 200,000 shares on or before October 2, 1959 at 70¢ per share
- 100,000 shares on or before January 2, 1960 at 80¢ per share
- 100,000 shares on or before April 2, 1960 at \$1.00 per share

Further options on 67,500 shares of capital stock have been granted to three employees exercisable within three (3) years from the date of agreements, as follows:

- Two agreements dated August 1, 1957 for a total of 17,500 shares at 40¢ per share
- One agreement dated June 10, 1958 for 50,000 shares at 60¢ per share

By action of the board of directors, February 27, 1959, 50,000 shares of capital stock were set aside to provide for future options for employees at 65¢ per share.

ENGINEER'S REPORT

REPORT ON THE RESERVES AND HOLDINGS OF LONG POINT GAS & OIL LIMITED IN ONTARIO

INTRODUCTION

This report has been prepared at the verbal request of Mr. M. A. Cooper, President of Long Point Gas & Oil Limited, referred to hereinafter as the "Company." The request made was for a report on the Petroleum and Natural Gas lands and holdings of the Company in Ontario.

The holdings of the Company consist of one gas lease in the Port Dover area and 34 Exploratory Licenses of Occupation, which grant the right to explore for natural gas and petroleum under the waters of Lake Erie, lying in front of the Counties of Norfolk, Haldimand and Welland, in the Province of Ontario. The lease covers 593 acres; the combined area of the 34 licenses is 160,322 acres.

This report is based on information supplied by the Company in the form of well logs, radioactivity logs, core analyses, results of open-flow and pressure tests, drill stem tests and sand fracturing operations. A copy of a report by Hunting Technical and Exploration Services Limited on Underwater Seismic (Sparker) Survey, Port Dover Area, Lake Erie, Ontario, for Long Point Gas & Oil Limited, has also been made available by the Company. This report covers Licenses of Occupation Nos. 12514, 12515 and 12544. We have also made use of our own experience in the area and of published statistical data and geological literature. Our report gives a general summary of the prospects for Petroleum and Natural Gas in the area covered by the Licenses of Occupation and also a review of the results of the development operations to date.

The various Licenses of Occupation extend in four intermittent blocks over a distance of about 65 miles along the north shore of Lake Erie between the eastern edge of Charlotteville Township, Norfolk County and the central part of Bertie Township, Welland County.

The most westerly block, which consists of seven parcels covering about 33,200 acres in the Port Dover area, has a maximum width of about $7\frac{1}{2}$ miles and extends eight miles out from shore. All of the recent developments have been carried out in this area, being confined to License of Occupation No. 12515 which adjoins the shore of the lake to the east of Port Dover.

A block of 18 parcels, covering about 84,650 acres, extends for about 25 miles along the shore of Lake Erie from the western part of Rainham Township, Haldimand County, to the western edge of Welland County. These parcels extend out into the lake for a distance of from five to six miles.

The two remaining blocks, each of which extend along the shore for about four miles and out into the lake for an equal distance, are situated immediately east of Port Colborne and of Point Abino in the Township of Bertie.

The depth of the water in the various Parcels varies from zero to a maximum of about 70 feet.

GAS AND OIL PROSPECTS

All of the Company's holdings lie adjacent to the extensive gas fields of Norfolk, Haldimand and Welland Counties. These fields extend almost continuously for a distance of 75 miles along the north shore of Lake Erie and in places reach as far as 20 miles inland. The latest Ontario Fuel Board report shows that 2,432 gas wells were producing in these three Counties at the end of 1947. The general area lies on the southeast flank of the Cincinnati Arch. The gas production is found in limestones, dolomites in sandstones of the Clinton-Medina beds of the Silurian. These beds pinch out to the northwest and so limit the gas producing region in that direction. Clinton-Medina gas production also extends around the eastern end of Lake Erie into New York State and thence westerly along the south side of the lake through northern Pennsylvania to central Ohio. Consequently, the Company's holdings are well within the area of potential gas production. Although the area is generally productive, there is considerable local variation in productivity. The Clinton-Medina beds to the south of Lake Erie lie at a greater depth than on the Ontario side and are generally more productive, and oil as well as gas is produced. Commercial Clinton-Medina oil has not been found to the north of the lake.

Trenton (Ordovician) oil and gas production has been found to the south of Lake Erie, but the Trenton beds are non-productive in Ontario in the general area of the Company's holdings. They are generally regarded as tight and non-porous in Ontario and have been found to be productive in the Lake St. Clair area where the porosity appears to be due to fracturing along a fault plane. Hence, Trenton production is not impossible on the Company's holdings. An occasional test to the Precambrian Basement would be worth while.

The Clinton is from 25 to 30 feet thick in the area of the Company's holdings and the Red Medina varies from 20 feet near Port Dover to 70 feet in Bertie Township, Welland County. The White Medina is generally from 10 to 20 feet thick. Gas may be found in any or all of the horizons. Small amounts of oil have been found but not yet in commercial quantities in Ontario.

It is generally assumed that the gas accumulation is entirely controlled by the porosity and permeability of the reservoirs rather than by any deformational structures. There is little doubt but that this is, in the main, correct, but a closer study of the structure, now possible through access to radioactivity logs, suggests that in some cases deformation may have a local effect on the accumulation of the gas. An underwater Seismic (Sparkler) Survey has been carried out on three of the Company's parcels in the Port Dover area and the results of this survey will be of considerable interest in connection with this problem.

COMPANY OPERATIONS

The Company has completed six wells on their Lake Erie holdings to date. Three of these are gas wells. Two of these have proved to be dry holes, and one is shut down pending a sand fracturing treatment. These wells will be discussed in the order in which they were drilled.

CRYSTAL BEACH No. 1 was drilled on License of Occupation No. 12540 on the most easterly of the blocks of the Company holdings. It was drilled to a total depth of 944 feet in November, 1957. A gas showing of 15 Mcf. per day was found in the White Medina (Whirlpool) formation but this was regarded as non-commercial and the well was abandoned as a dry hole.

PORT DOVER No. 1 was completed as a gas well, at a total depth of 968 feet, on License of Occupation No. 12515 in the Port Dover area in June, 1958. A drill stem test in the Red Medina showed 250 Mcf. per day through $1\frac{3}{4}$ -inch drill pipe. The Red Medina was cored and given a full-diameter analysis by Core Laboratories Canada Ltd.

PORT DOVER No. 2 was also completed as a gas well in License of Occupation No. 12515 in July, 1958. The total depth was 980.5 feet. A drill stem test showed 318 Mcf. per day through $1\frac{3}{4}$ -inch drill pipe in the Red Medina. The casing in this well has been cemented through the productive zone and perforated. The well is to be given a hydraulic fracture treatment.

PORT DOVER No. 3 was also drilled in License of Occupation No. 12515 in the Port Dover area. It was completed at a total depth of 1,043 feet in November, 1958. Gas was encountered in the Thorold sand in the lower part of the Clinton. Casing was cemented through the sand and perforated in the Thorold sand. The well was acidized with 220 gallons of 15% HCl and the sand fractured with 9,000 gallons of gelled water and 6,000 pounds of sand. A drill-stem test through $1\frac{1}{2}$ -inch drill pipe showed 139 Mcf. per day.

PORT DOVER No. 4 was drilled in November and December of 1958 in the Port Dover area on License of Occupation No. 12515. It was capped at a depth of 971 feet and shut down until the 1959 drilling season, pending a fracturing treatment. A drill-stem test of the Red Medina showed only 15 Mcf. per day through a $1\frac{1}{2}$ -inch drill pipe, but the potentiality of the well will not be known until after the treatment.

LONG POINT PORT DOVER No. 5 was drilled as a south offset to the Long Point Port Dover wells Nos. 1 and 2 in License of Occupation No. 12515. This well penetrated the Clinton, the Red and White Medinas and was carried to a total depth of 1,045 feet. It was abandoned as a dry hole in May, 1959. An inspection of the radioactivity log of the well suggests that the failure of this well was probably due to lack of porosity rather than a reduced thickness of the pay zone.

All of the Long Point Port Dover wells lie within an area about 1.25 miles long and 0.5 miles wide. The longer axis of this area runs northwest and southeast. A Gas Lease, No. 13069, covering 593 acres has been taken out in this area.

DISCUSSION OF DEVELOPMENTS

The drilling operations to date of the Company have resulted in the completion of three gas wells and two dry holes, with one well shut in waiting for a sand-fracturing treatment. The three gas wells, Long Point Port Dover Nos. 1, 2 and 3, showed shut-in pressures of 461, 496 and 413 p.s.i., respectively, indicating no serious drainage. Drill stem tests of the three wells, Nos. 1, 2 and 3, yielded flows of 250, 318 and 139 Mcf. per day, respectively, through 1 $\frac{3}{4}$ -inch or 1 $\frac{1}{2}$ -inch drill pipe.

A gas reserve estimate has been made on the basis of a core analysis of the reservoir of the Long Point Port Dover No. 1 well in conjunction with other data supplied by some of the operators in that area. The core analysis shows a net reservoir thickness of 17.7 feet, with permeabilities of 0.25 millidarcy or greater, and an average porosity of 10.6 percent. The data used for the gas reserve estimate are given below:

Porosity feet.....	1.874
Bottom hole temperature.....	65° F.
Bottom hole pressure.....	461 psia
Specific gravity of gas.....	0.64
Connate water.....	35%
Abandonment pressure.....	100 psia
Compressibility factor at 461 psi.....	0.92
Compressibility factor at 100 psia.....	0.98
Line loss.....	5%

The gas reserves, on the basis of the above data, are estimated to be 1,384 Mcf. of pipeline gas per acre, or nearly 886,000 Mcf. per square mile.

It is probable that the above gas reserve figure gives a very fair representation of potential productivity of the area developed by the three gas wells drilled to date.

In the light of past experience, the Company has given an estimate of \$12,000 to \$13,000 per well for the future drilling costs. Gas is not yet marketed by the Company. It is expected, however, that the Company will receive about 45 cents per Mcf. At this rate, it would require approximately 27,800 Mcf. of gas to pay the cost of drilling of a well. For a drilling-cost payout-period of one year, a daily average production of only 76 Mcf. would be required.

Of course the drilling costs of the dry holes will have to be paid also and the effect on the payout-period cannot be determined until sufficient drilling has been done to arrive at a probable percentage of dry holes.

The drilling of the dry hole in the Crystal Beach area does not necessarily condemn any large portion of the Company holdings in that area.

The well spacing in use in the Port Dover area varies from about 1,500 feet to 3,000 feet. The best spacing can be found only from experience by equating drilling costs against probable recoveries and producing rates for the various spacings.

It is understood that an extensive program of sand fracturing operations is planned for 1959. It is to be expected that these operations will, on the average, have a very beneficial effect on the productivity of the wells.

It may be pointed out that the drilling of the successful Place Walpole No. 1 well, less than 1 $\frac{1}{2}$ miles from the Company's License of Occupation No. 12531, adds considerable interest to the Company's holdings in that area.

An underwater seismic (Sparker) survey has been carried out on License of Occupation Nos. 12514, 12515 and 12544 in the Port Dover area, by Hunting Technical and Exploration Services Limited. It is possible that a careful study of the results of this survey, in conjunction with the data obtained by drilling in that area, will be useful in the planning of future operations.

CONCLUSIONS

A review of the Company's operations to date indicates that their program is being carefully and efficiently carried out and that the results obtained are satisfactory. It is reasonable to expect that results will improve with increasing knowledge of the area and with further experience in operating under the prevailing conditions.

"O. D. BOGGS", P.Eng.

901-8th Avenue W.,
Calgary, Alberta.
May 30, 1959.

CERTIFICATE

I, Oliver Desmond Boggs, consulting geologist, of 901 Eighth Avenue Southwest, Calgary, Alberta, do declare:

1. That I graduated with the degree of Bachelor of Science in Mining Engineering from Queen's University, Kingston, Ontario, in 1916 and with the degree of Master of Science in 1918.

2. That I am a Member of the Canadian Institute of Mining and Metallurgy, the Oilfield Technical Society and that I am a registered Professional Engineer in the Province of Alberta.

3. That I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the attached report entitled, "Report on the Reserves and Holdings of Long Point Gas & Oil Ltd., in Ontario," dated May 30, 1959, nor have I any interest, present or expected, in the securities of the Company.

4. The above report is based on my geological and other general knowledge of the areas described above, and upon a consideration of all available data on wells drilled in adjacent areas, and upon examination of electric logs and available production engineering data on wells in the vicinity of the aforementioned properties.

"O. D. BOGGS", P.Eng.

901 Eighth Avenue S.W.,
Calgary, Alberta.
May 30, 1959.

J. C. SPROULE & ASSOCIATES

901 Eighth Avenue West
Calgary — Alberta

June 25, 1959.

Mr. M. A. Cooper,
President,
Long Point Gas & Oil Limited,
357 Bay Street,
Toronto, Ontario.

Dear Sir:

Re: Long Point Gas & Oil Limited—Gas Reserves

In our report on the reserves and holdings of Long Point Gas & Oil Limited in Ontario dated May 30, 1959, we estimated that the recoverable gas reserves developed by Long Point Gas & Oil Limited in the Port Dover area of Lake Erie amount to 1,384 Mcf per acre for the three gas wells completed at that time. A study of the well-spacing pattern indicates that the area proven by these three wells covers 480 acres and hence the proven drilled recoverable gas reserves at May 30, 1959, amounted to 664,000 Mcf.

Since the Report referred to above was written, the Long Point Port Dover No. 7 Well has been completed as a gas producer. This well is located about 2500 feet south of the Long Point Port Dover No. 1 Well and was drilled by means of cable tools. It is reported that an open-flow test indicated a rate of 1,160,000 cubic feet per day. The shut-in pressure has not been measured but is said to be normal for that area. There is not sufficient information available to make an accurate reserve estimate for this Well but it appears that the well will have a productivity at least as great as the average of the three previously drilled. The spacing of the well in relation to the others in that area indicates that an estimate of 160 acres as the additional proven area would be reasonable. Under the circumstances it is felt that an addition of 332,000 Mcf to the reserves would be a conservative estimate for the No. 7 Well.

Hence it is estimated tentatively that the proven drilled recoverable reserves of Long Point Gas & Oil Limited now amount to 886,000 Mcf. and it is believed that this estimate is conservative.

Yours very truly,

"O. D. BOGGS," P.Eng.

